



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

### Division of Oil, Gas & Mining

MICHAEL R. STYLER  
Executive Director

JOHN R. BAZA  
Division Director

### Inspection Report

### Minerals Regulatory Program

### September 20, 2012

Reviewed: PRAS

<b>Mine Name:</b> Coyote Knoll 1-2-3 4	<b>Permit Number:</b> S/023/0086
<b>Operator Name:</b> Amnor Energy	<b>Inspection Date:</b> September 18, 2012
<b>Inspector(s):</b> Paul Baker and Wayne Western	<b>Time:</b> 1:15-1:00 pm
<b>Other Participants:</b> Duane Bayes	<b>Mine Status:</b> ACT
<b>Weather Condition:</b> 80's with haze	<b>Last Inspection:</b> April 12, 2012
<b>Bond Renewal Date:</b> October 26, 2015	<b>Bond Amount:</b> \$25,100.00
<b>Surface Ownership:</b> BLM	<b>Mineral Ownership:</b> Fee
<b>Last Year of Production:</b> 2005	<b>Acreage:</b> 5 acres permitted 11.6 disturbed

Elements of Inspection	Evaluated	Comment	Enforcement
1. Permits, Revisions, Transfer,	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Bond/Bond Release	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Annual Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Annual Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Public Safety (shafts, adits, trash, signs, highwalls)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Protection of Drainages / Erosion Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Deleterious Material	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Roads (maintenance, surfacing, dust control, safety)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Concurrent Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Backfilling/Grading (trenches, pits, roads, highwalls, shafts, drill holes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Water Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Soils	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Re-vegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Air Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Purpose of Inspection:

The Division received a report that the mine had been expanded to 11.6 acres without authorization to expand beyond five acres.

#### Inspection Summary:

##### 1. Permits, Revisions, Transfer,

The Division originally approved this operation on October 24, 2004. In 2011 it was transferred from McFarland and Hullinger to Desert Mountain Gold then to Amnor Energy, the current operator. Amnor applied to have the size of the disturbance increased from five to ten acres, and by letter dated June 11, 2012, the Division found the proposal complete with the exception of the reclamation surety. The surety amount was determined to be \$54,100.00 for a three-year escalation or \$55,200.00 for a five-year escalation. The Division has not received the increased surety.

##### 2. Bond/Bond Release

The Division holds a reclamation surety in the amount of \$25,100 in the form of cash. This is considered adequate for a five-acre operation.

3. Annual Fees

The permit fee is up to date.

4. Annual Report

The Division did not receive an annual report for 2011.

10. Backfilling/Grading (trenches, pits, roads, highwalls, shafts, drill holes)

The operator has drilled a water well, and this was not included in the Notice of Intention (NOI). Water rights for Amnor Energy indicate this well was intended to be six inches in diameter and 450 feet deep though the Division of Water Rights does not have a drill log.

12. Soils

There appeared to be at least two soil stockpiles although there were some areas where undisturbed soil came right up to the waste piles indicating soil had not been salvaged.

16. Other

We did not measure the size of the disturbance during this inspection, but it appears to be approximately what the BLM measured, 11.6 acres. The attached photos show the pit and surrounding dumps. Other facilities include an office trailer, another building, a screen and presumably a crusher, fuel tanks in a lined storage area, a water tank and above-mentioned well, and two explosives storage units. One of these explosives storage units was grounded, but it did not appear the other was.

One of the people we met at the site indicated most of the equipment had been taken off site and that most of the rest would be gone within a few days.

**Conclusions and Recommendations:**

The Division does not hold adequate bond for reclamation of the site, but rather than take enforcement action immediately, we decided to give the operator until October 1, 2012, to submit the required increased surety. Failure to do so will result in issuance of a cessation order and associated fine.

The operator needs to ensure the explosives storage areas are properly grounded and that the fuel storage area is large enough to contain all the fuel in the tanks.

The operator also needs to be diligent about saving soil and needs to seed the soil stockpiles this fall. Weeds will overrun the stockpiles if they are not vegetated with desirable species.

**Directions to Site:**

**Inspector's Signature**

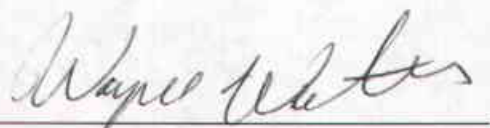
WHW:

cc: (OPERATOR)

Duane Bayes, BLM

Jerry Mansfield BLM

O:\M023-Juab\S0230086-CoyoteKnoll\inspections\INSP-09182012.doc





Equipment on site



Pit floor





Over view



Waste pile